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TAGS: [BEXP](#) [ECON](#) [ENRG](#) [EINV](#) [KGHG](#) [KPAO](#) [SENV](#) [SP](#)  
SUBJECT: EMBASSY MADRID PROPOSAL FOR U.S.-SPAIN RENEWABLE  
ENERGY COOPERATION INITIATIVE

¶1. Summary: Consistent with our Mission Strategic Plan, Embassy Madrid is launching an initiative to increase linkages between Spanish and U.S. government and private sector leaders in the area of renewable energy. Spanish firms are world leaders in renewable energy technology, and there is increasing interest among U.S. and Spanish officials in broad and deep cooperation on renewables issues. One step we are considering is to organize a Spanish government/private sector delegation to Washington - possibly to participate in the USG-cosponsored March 2008 International Renewable Energy Conference - and to Colorado for meetings at the National Renewable Energy Laboratory. Para 11 contains an Action Request for addressees to comment on post,s ideas and suggest additional ways to increase linkages. End Summary.

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Introduction  
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¶2. Building on a strong, mutually beneficial bilateral relationship, Embassy Madrid intends to deepen our level of cooperation with the GOS and the Spanish business community in the area of renewable energy. As identified in Post,s FY 2009 Mission Strategic Plan, collaboration on energy is a policy priority that the Mission is working to make a pillar of the bilateral economic relationship. Spanish firms are among the world leaders in wind and solar technology, and there already are some bilateral investments in both directions.

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U.S. Interests  
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¶3. A U.S.-Spain renewable energy cooperation initiative will support U.S. interests and policy goals by:  
- enhancing U.S. energy security,  
- advancing the President,s May 31 climate change initiative,  
- advancing the President,s "20 in 10" plan to reduce gasoline consumption by 20% over 10 years,  
- promoting economic growth and stability,

- supporting the U.N. Framework Convention on Climate Change, the U.S.-EU Framework for Advancing Transatlantic Economic Integration and the establishment by 2008 of long-term goals for reducing greenhouse gas emissions,
- demonstrating publicly the USG,s commitment to addressing climate change, and
- providing commercial and economic benefits to both countries.

#### ----- Private Sector Investments -----

¶4. The U.S. and Spain already enjoy strong energy collaboration within the private sector. Over the past few years, the Spanish private sector has significantly increased its investment in the U.S. renewable energy industry. These investments include acquisitions of a regulated U.S. utility company in Maine, wind generation capacity in Pennsylvania, West Virginia, Iowa, and Virginia, wind turbine manufacturing facilities, and one of the largest solar energy generating facilities in the world in Nevada. New acquisitions and projects are announced frequently.

¶5. While much of Spain,s foreign direct investment in the U.S. has been targeted toward wind power, other types of renewable energy are important in Spain as well. Industry reports have named Spain the world,s most attractive solar market, with government subsidization of solar plants and new building codes requiring the use of solar panels on all new and renovated buildings nationwide. With respect to biofuels, the GOS recently passed a new law making the E.U.,s non-binding target of 5.75 percent biofuel usage in transport fuels mandatory by 2010. As a result, plans for numerous biodiesel plants within Spain have been announced recently. Spain has also established a target of having

12.1 percent of its total energy consumption come from renewable sources by 2010. Spain,s expected failure to meet its 2012 Kyoto Protocol targets for CO2 emissions is likely to increase interest in renewables.

#### ----- Energy Cooperation Initiative -----

¶6. Although private sector collaboration and investments are growing, the U.S. renewable energy market remains relatively underdeveloped. Additionally, achieving both the USG,s and GOS, aggressive goals of reducing greenhouse gases and pollution, combating global climate change, increasing the use of biofuels and reducing the use of fossil fuel energy consumption will require significant breakthroughs in science and technology, according to the President,s Council on Environmental Quality. Finally, local and national level environmental regulations are rapidly evolving in both countries.

¶7. The Mission,s view is that by creating a dialogue and open exchange between various U.S. and Spanish stakeholders including government, industry, capital markets, and science and research communities, we can contribute to breakthroughs that lead to development of these additional opportunities in renewable energy.

¶8. Our proposed U.S.-Spain renewable energy cooperation initiative will be concentrated in three primary areas:

- Encouraging further private sector investment in the renewable energy sector in both countries,
- Expanding the generation and consumption of renewable energy in both the U.S. and Spain, and
- Encouraging additional science and technology research and development to achieve breakthroughs in our collective efforts to reduce fossil fuel energy consumption.

#### ----- -- GOS Interest and Existing Bilateral Cooperation

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¶9. GOS officials from several agencies, including the Ministries of Industry & Commerce, Foreign Affairs, Environment, and Housing, have expressed interest in greater US-Spanish cooperation on renewable energy issues. Some government-to-government cooperation already is taking place. For example, DOE,s National Renewable Energy Laboratory is discussing research with Spanish firms and institutions. The Housing Ministry is negotiating with DOE,s Office of Energy Efficiency and Renewable Energy to bring to Spain a European version of DOE,s biennial Solar Decathlon competition in which university students compete to design and build houses powered by solar energy. The Spanish university entry in this year,s competition has been visited by President Zapatero and the Ministers of Industry & Commerce and Environment. Renewables also are an area of interest to U.S. state governments; Iowa,s governor visits Spain this week with a delegation. The Embassy worked with the U.S. Chamber of Commerce of Spain and the GOS to organize an energy conference held in June that featured renewable energy and brought Department of Energy senior official Paul Dickerson as the keynote speaker and attracted senior executives of leading edge U.S. firms in the renewable industry to participate.

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Next Steps and Request for Reactions

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¶10. Post is seeking to increase linkages between U.S. and Spanish government officials and business leaders in many ways. We are exploring the possibility of Spanish participation in the USG-cosponsored March 2008 International Renewable Energy Conference. We hope to coordinate a Spanish government and private sector renewable energy delegation to the U.S., to be led by the American-Spanish Chamber of

Commerce. This visit could include participation in the March conference. The delegation also could hold meetings at the National Renewable Energy Laboratory in Golden, Colorado.

We intend to incorporate a renewables segment into the next annual meeting of the U.S.-Spain Council, to take place in the first half of 2008. We also hope to generate an agreement on bilateral cooperation, including on research and on encouraging investment between the two countries. We also will seek to carry out an active public diplomacy program, including programming U.S. speakers to discuss the U.S. industry and federal and state regulatory issues.

¶11. Action Request: Embassy Madrid seeks reactions from Washington agencies to post,s proposed initiative. Post also welcomes any suggestions for additional ways to increase linkages in this important area. Points of contact who can provide additional information are Darren Perdue at PerdueCD(at)state.gov and James Dudley at DudleyJL(at)state.gov. Post looks forward to working with addressees on this important matter. End Action Request.

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